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INFO RUEHOO/CHINA POSTS COLLECTIVE
RHEHNSC/NSC WASHDC

C O N F I D E N T I A L SECTION 01 OF 03 BEIJING 021991

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E.O. 12958: DECL: 10/17/2031
TAGS: [PGOV](#) [PHUM](#) [SOCI](#) [CH](#)
SUBJECT: MEAN STREETS: SOCIAL STRAINS PLAGUE CHINA'S "URBAN
VILLAGES"

Classified By: Political Section Internal Unit Chief Susan A. Thornton.
Reasons 1.4 (b/d).

Summary

1. (C) New Chinese "shantytowns," onetime rural villages swallowed by China's expanding cities, have become a hot topic in China. Often not incorporated into their official urban jurisdictions, these former rural districts are administrative vacuums, lagging on provision of urban public services and providing a haven for unsavory elements that linger outside the reach of city police. Longtime residents are making good money as landlords, renting to the poorest migrant workers and cramming as many renters as possible into their properties. Because the shantytowns often stand on coveted real estate and the risk of demolition persists, though, villagers are unwilling to launch improvement programs, leaving sanitation sketchy, infrastructure dilapidated and schools nonexistent. Scholars worry that the extreme conditions could emerge as a threat to social stability. End Summary.

There Goes the Neighborhood

2. (C) A special report in the prominent national weekly Outlook magazine last February recounted that most of China's showcase cities have dozens of "urban village" shantytowns. Beijing alone has 331, the article related, with a total population of about 715,000. Such districts are also proliferating in Wuhan, Guangzhou, Xi'an, Wenzhou and other cities. Migrant workers who arrive from the countryside in search of good jobs in construction or services form the bulk of urban village residents, said Zhang Zhanxin (protect), a scholar at the Chinese Academy of Social Sciences who focuses on urban development. The ratio of migrant workers to long-term residents in the slums is often as high as 10 to one. Cheap housing is the main attraction. While most newcomers are single, some arrive with families in tow, while others summon their spouses and children from the countryside after banking a few good paychecks, Zhang said.

A New Underclass?

3. (C) Pronounced social stratification arises in these communities, the Outlook report maintained. Many original residents who have lived in the area for generations have now become landlords. They reside in nicer apartments or houses and rent living space, sometimes shabby shacks built as extensions on their own homes, to migrant workers. Often the landlords

can earn enough to live solely off rent income, "and they just sit around playing mah-jongg all day," Zhang of CASS said. Meanwhile, their migrant neighbors work long hours and live in the simplest conditions, usually without toilets or running water. Zhang warned that migrant children growing up amid such stark differences risk becoming resentful, possibly leading to conflict or criminal behavior.

14. (C) Crime has already emerged as a problem in urban villages, scholars told us. Because the areas have a fuzzy administrative status, they lure organized crime figures and petty criminals who want to slip through the cracks, said Li Qiang (protect), dean of the Tsinghua University School of Humanities. Petty theft and muggings are prevalent in Beijing shantytowns, the Outlook article reported. But more sophisticated crime rings also take root in slums, the piece recounted, citing a case in which People's Armed Police raided an apartment in a Wuhan shantytown and arrested a Hunan couple who were in business selling fake identification cards, residence permits and other official papers. The police seized some 2000 bogus documents, which the pair were allegedly offering for RMB 15-30 (USD 1.88-3.76) apiece. Experts note that migrant workers with unsteady incomes living amid scofflaws is a combustible blend. In the urban villages, the culture of criminality risks creating "a spawning ground for a new underclass" that could threaten social stability in cities, Li said.

Migrants, Slumlords Need Each Other

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15. (C) Despite the volatile mix, the mutual dependence of migrants and landlords keeps a lid on tensions for now, contacts said. The former need an inexpensive place to live; the latter want a steady income. Migrants themselves tend to view living in urban villages as a necessary evil, said Wei Wei (protect), a State Department International Visitor grantee and president and founder of Little Bird, an NGO focused on migrant workers' issues. With low rents and landlords willing to turn a blind eye to residence registration requirements, shantytowns often offer the only viable housing option for a newly arrived laborer. (Note: One of the Central Government's reasons for maintaining the discriminatory residence permit system is to prevent the emergence of precisely this kind of slum by discouraging an even greater inflow of migrants to the cities. End note.) Even the smallest apartment in a decent neighborhood is out of range, and most regular landlords will not lease to migrants, Wei Wei related.

Village Officials Ignore Public Works

16. (C) As a rule, migrants have no say in how the slums are run, Wei Wei said. In line with the districts' administrative status as "villages," civic decisions generally fall to village committees, the same governance setup that exists for villages in rural areas. The local committee has the authority (usually with the approval of the local Party chief) to decide how the area's land is used, Zhang of CASS said. Urban zoning laws do not apply, so local officials can opt to build on the land and then rent out living or retail space. (Note: In contrast, the residents' committees that normally constitute local administrative units in cities are less relevant to locals' lives. The committees have no land to control and rely on city government for public works initiatives. End note.) Many urban villages stand on

coveted real estate, heightening the risk that developers working with the surrounding city's government and local officials will succeed in appropriating the land from the villagers and force residents to relocate, Zhang said.

17. (C) While the high value and uncertain future of urban village real estate discourages villagers themselves from making improvements, the autonomous status of these villages cuts them out of urban improvement projects funded by the surrounding municipality, Zhang pointed out. Urban villages are therefore left with sketchy sanitation, dilapidated infrastructure and nonexistent schools, said Tian Yurong (protect), a professor at Beijing Institute of Technology who researches relocation issues and is a State Department Human Rights and Democracy Fund grantee. There are few incentives to improve living conditions in these areas in the current environment, Zhang remarked.

18. (C) The plight of the shantytowns appears to be getting high-level attention in the Central Government, which has made addressing the kind of social inequality that prevails in urban villages a main policy objective. The Party-run Guangzhou Daily ran a long article in May recounting State Councilor Hua Jianmin's visit to an urban village in Guangzhou. The piece quoted Hua as saying, "We should do a good job of remodeling urban villages and improving public security and administration of rental housing for migrant workers."

Winners and Losers in the Slums

19. (C) The message has not translated into action in Beijing's Xingfu'er urban village. Xingfu'er lies a five minute walk from the trendy nightclubs that fringe Worker's Stadium, not far from the Canadian Embassy. Surrounded by office buildings and luxury apartment towers, Xingfu'er spreads across a four square-block area. One-story brick houses crowd narrow alleys. Many of the houses sprout plywood and corrugated tin additions, as small as alcoves, that migrants rent as living space. Indoor plumbing is a rarity, forcing the area's several hundred inhabitants to rely on public toilets.

110. (C) On a recent visit to Xingfu'er, poloff spoke with a resident surnamed Wang, who declined to give

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his first name. Wang, who grew up in the neighborhood, was on a walk to check in on a "chess center" he operates in one of the alleys where residents can rent game boards and mah-jongg tiles. He also rents rooms to migrant workers in the house in which he was raised, a source of income his parents never had. Wang said he worries that the neighborhood will be demolished to make space for a development, which would be a major setback for his livelihood. While he might get some compensation for his family homestead, it would not be enough to buy real estate anywhere else in the city.

111. (C) The circumstances of another resident, a migrant woman who works at a fruit stall in a Xingfu'er alley, were meaner. She said the extreme poverty of her hometown in Anhui and the promise of better work opportunities prompted her move to Beijing. Declining to give her name, she said she and two other migrants share a pair of small rooms in a house around the corner from the fruit stall. She griped about the conditions, complaining that the rooms have no heat, no kitchen and no running water.

The total rent is RMB 1,000 per month, or about USD
¥125. Despite these difficulties, she contended that
Xingfu'er suits her needs, or at least her budget.
"It is all I can afford," she said.
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